

TARIKH : 2 MAC 2022  
AKHBAR : THE MALAYSIAN RESERVE  
MUKA SURAT : 1 & 4

## Petronas to set up new independent RE entity

# Petronas to set up new independent RE entity

*The entity aims to solve the clean energy needs of their customers and support the group's global aspirations*

by S BIRRUNTHA

PETROLIAM Nasional Bhd (Petronas) will set up a new independent entity focusing entirely on renewable energy (RE), hydrogen and green mobility by the middle of this year.

Its president and group CEO Datuk Tengku Muhammad Taufik Tengku Aziz said the entity is aimed to solve the clean energy needs of their customers and support the group's global aspirations.

Apart from that, he said, the national

energy firm will also set up a carbon management unit, which is a centralised unit under its upstream business to accelerate decarbonisation efforts across the group.

"We will set up a new independent entity that will focus entirely on three sectors namely RE, hydrogen and green mobility. This entity will be set up in the middle of this year.

"We are also setting up a carbon management unit to manage the carbon storage portfolio for emissions from our operations and to establish a regional carbon storage hub as a new revenue generator," he said during the group's financial result announcement and media briefing in Kuala Lumpur yesterday.

Meanwhile, Tengku Muhammad Taufik said the firm has planned to invest between RM40

billion to RM50 billion in capital expenditure (capex) this year supported by higher oil prices.

He added that the capex allocated is the same as before the Covid-19 pandemic, however, higher than the one in 2020 and 2021.

"This year's capex will be allocated equally between the group's domestic and international operations.

"Last year, the group spent a lower capex of RM30.5 billion due to movement restrictions caused by the Covid-19 pandemic. This made many of the group's operations not able to function as normal which resulted in the lower distribution of capex.

"Nevertheless, based on the increase in oil prices, our capex guidance indicates that it

SEE P4 COL1

## Petronas to set up new independent RE entity

FROM P1

will return to levels between RM40 billion to RM50 billion," he explained.

Commenting on the global oil and gas (O&G) industry, Tengku Muhammad Taufik said the industry as a whole has been "quite slow" in taking up gas investments over the last decade and therefore, the market could see shortages in the next few years.

He noted that Petronas views the situation as the transition energy source to "fuel the recovery post-Covid-19" even after the recent hike in prices in Europe and other key markets.

"In the next two to three years, we expect to see 25-28 million tonnes per annum short of liquefied natural gas (LNG).

"We just have not stepped up as an industry to take on more gas," he added.

On Malaysia's prospects, he said Petronas expects an increase in

demand for both piped gas and LNG in the region post-pandemic.

The state oil firm expects to see an increase in gas consumption, especially from the power sector and the group is also positioning itself to offer solutions through carbon-neutral LNG.

"We have delivered to Shikoku Electric Power Company Inc (since August 2021), and we are going to supply to Hiroshima Gas Co Ltd in China," he noted.

Additionally, Tengku Muhammad Taufik opined that local O&G services and equipment players will benefit from the current surge in oil prices if they manage their capital base and cost efficiencies well.

He said Petronas will continue to pursue cost management so it can remain profitable at the US\$40-US\$50 (RM209.50) per barrel range despite the high price of oil, and the group is not planning "any immediate rate negotiations" with service providers, as it still needs to

see how the market pans out moving forward.

He emphasised that nevertheless, Petronas will remain committed as a responsible partner to playing its role as a catalyst to advance the O&G sector.

On the Russia-Ukraine conflict, Tengku Muhammad Taufik said Petronas will refrain from making any hasty decisions on its international operations over the matter.

He added that the group will continue to monitor the development of the conflict and take into account the geopolitical risk at the country level across all of its international operations.

"We cannot deny the fact that Russia is a key O&G producer. Most of Europe relies on Russian gas for its power.

"While the situation in Ukraine is unfortunate, I can only say that as responsible, reliable and committed energy producers, we will still serve our consumers and

partners everywhere," he said.

According to him, Petronas had a joint venture (JV) with Russian O&G company PJSC Lukoil Oil Co, but that the group recently disposed of its stake in the Shah Deniz project in Kazakhstan to the JV partner for US\$2.25 billion.

Back in 2014, the group bought the 15.5% stake in the Shah Deniz natural gas project from Norway-based Statoil, now known as Equinor ASA, for US\$2.25 billion.

Recently, Shell plc had announced that it will be quitting all its Russian operations, including a major LNG plant, following Moscow's invasion of Ukraine.

Another major international O&G player, BP plc, has also abandoned its stake in Russian oil giant PJSC Rosneft Oil Co.

Similarly, Norwegian energy company Equinor, which is majority-owned by the Norwegian state, also plans to exit Russia.

SEE ALSO P9